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# Issue #015: We Calculated Columbia's Institutional Risk Exposure Due to the Election. It's \$3.5 Billion Per Year.

Uncategorized

## TL;DR

- **\$3.5 Billion Exposure:** With Trump's decisive win, Columbia faces significant financial exposure under a new administration, potentially up to 55% of its budget.
- **5 Financial Levers of Attack:** Research grants, Medicare/Medicaid, Federal student aid, international student visas, and potential endowment excise taxes.
- **Short-Term Risks:** Immediate concerns include slowdowns in new research funding and visa limitations, which could impact \$250 million to \$1.3 billion annually.
- **Long-Term Risks:** Broader actions on healthcare revenue, student aid, and endowment taxes threaten up to \$3.5 billion in yearly funding.
- **Call to Action:** We urge our Trustees, President, administration, and University Senate to act promptly with a toolkit of risk management strategies to strengthen institutional resilience and safeguard the University's academic mission.

We purposely did not weigh in on the election last week, while we gathered information and tried to put together a thoughtful fact-based perspective. As outsiders, it is not our place to tell our faculty, administration, and Trustees what to do. We lack reliable information and an inside track on the complex trade-offs Columbia's leaders navigate on a daily basis. All we can do is present the facts and analyses as we see them, so that Columbia's decision-makers, stakeholders, and broader community can have informed conversations.

Donald Trump has won both the electoral and the popular vote by decisive margins. Perhaps of greater import, the Republican Party has control of the Senate and is rapidly closing on control of the House. If that happens, the Republican Party will have achieved control of all three branches of government.

To be clear: we are politically neutral. The Stand Columbia Society does not take a position on whether the election outcome is good, bad, or indifferent. We are focused on the success of Columbia University and starting on January 20, 2025, a new cadre of Federal government officials will take over the leadership of government agencies that oversee higher education. They have made no secret of their enmity for elite institutions in general, and our alma mater in particular. This forces an uncomfortable reckoning that we can no longer wish away.

## The “levers”: how Columbia could be attacked

We believe there are at least five levers a hostile administration can pull. Our estimate is that **\$3.5 billion, or roughly 55% of Columbia's \$6.4 billion operating budget, depends on Federal government funding or facilitation and is exposed to institutional risk, with \$250 million to \$1.3 billion at risk in the short term.**

Levers	Short-term risk (probable)	Short-term risk (possible)	Long-term risk
Lever 1: Government grants	50	200	1,329
Lever 2: Medicare/Medicaid	0	0	785
Lever 3: Federal student aid	0	0	318
Lever 4: International student visas	200	800	800
Lever 5: Endowment tax	0	296	296
<b>Total risk</b>	<b>\$250</b>	<b>\$1,296</b>	<b>\$3,528</b>
<i>As % of 2023-24 Columbia Univ operating budget</i>	<b>4%</b>	<b>20%</b>	<b>55%</b>

To state the obvious, we think any of these things happening would be very bad. Prudent risk management demands a thoughtful consideration of the financial exposure now facing our alma mater. Anyone who cares about Columbia must understand this risk and the forms it can take. This requires a fact base. So let's dive in.

(A note: A hostile administration and Congress would have a wide range of tools to restrict access to Federal dollars. The House report for example focused on [Title VI](#), a section of the [Civil Rights Act of 1964](#) which prohibits recipients of Federal higher education funding from discrimination based on race, color, or national origin in programs. For a potential playbook of Republican efforts against higher education, you might want to examine how [Governor Ron DeSantis shut down funding to universities in a number of creative ways.](#))

**Lever 1: Government grants.** Columbia received **\$1.329 billion** in [“government grants and contracts”](#) in 2023-2024, of which (according to the Office of the EVP of Research) at least **\$800 million** are research grants. Congress mandates most research grants to be **four years long**, which implies that of the \$1.3 billion, at least \$200 million per year is “new money”. This is important because while “taking away” could be challenged in the courts, a government agency could simply stop or even slow down awards of “new money” for any reason (or no reason at all). We view this as a credible short-term risk on “new money” and a medium-probability long-term risk due to potential for litigation.

Short-term risk: \$50 – \$200 million

Long-term risk: \$1.329 billion

Probability: High in short-term, medium in long-term

**Lever 2: Medicare and Medicaid.** Columbia's financial statements explicitly list \$1.8 billion in “patient care revenue”, as a part of its affiliation with NewYork-Presbyterian Hospital. In 2022, the NYP system **derived 44% of its revenue** from Medicare and Medicaid. If that ratio also applies at Columbia (and if anything, it should be higher as the full NYP system includes the Upper East Side-based Weill Cornell Medical Center and several suburban facilities), then at least **\$785 million** can be attributed to Medicare and Medicaid. [Significant case law](#) supports the position that Medicare and Medicaid participation falls under the protections of Title VI. We view this as a long-term tail risk given that it impacts vulnerable populations and the public policy impacts of crippling one of America's premier academic medical centers.

Short-term risk: \$0

Long-term risk: \$785 million

Probability: Low

**Lever 3: Federal student aid.** Federal student aid is subject to a great deal of discretion of the Secretary of Education. The Federal government is often the “backstop lender” through the

Title IV program. The Department of Education's Title IV Program Volume Reports indicate Columbia students received \$24 million of grant and campus-based Federal aid (Pell grants, Federal Work Study, FSEOG) and \$294 million in Federal loans (subsidized direct, unsubsidized direct, and PLUS) year-to-date, adding up to **\$318 million** in Federal student aid. We view this as a long-term tail risk given that students, not the institution, will bear the brunt of this impact.

Short-term risk: \$0

Long-term risk: \$318 million

Probability: Low

**Lever 4: International student tuition.** Columbia enrolls 13,838 international students. International students require the Federal government to issue student visas which the incoming administration has indicated it will intensively scrutinize and curtail. Institutional grant-based financial aid is heavily concentrated in Columbia College, undergraduate Columbia Engineering, and PhD programs, but even if we conservatively assume that the ~28% across-the-board tuition discount also applies to international students, then at approximately \$80,000 (gross tuition) per year, this represents at least **\$800 million** in tuition. We view this as a short-term risk because administrative directives to stop or slow down issuances of student visas to admitted Columbia students have no checks and balances; e.g., one cannot sue the State Department for refusing to issue student visas because no one is legally entitled to a visa.

Short-term risk: \$200 – \$800 million

Long-term risk: \$800 million

Probability: High in short-term, medium in long-term

**Lever 5: Endowment tax.** Members of Congress have been proposing a 20% excise tax on endowment gains for schools who increase their tuition faster than inflation. Applied against the Columbia endowment's \$1.5 billion gross investment return this past year would have yielded **\$296 million** in endowment tax. Vice President-elect JD Vance wanted to go even further, proposing a 35% excise tax for endowments. We view this as a medium-probability long-term risk, because while no one can predict how fast legislation moves, going after private universities appears to have bipartisan support. This is particularly salient because the Tax Cuts and Jobs Act (which currently incorporates a 1.4% endowment tax that does not yet hit Columbia) is up for renewal in 2025 when Republicans will likely control both houses of Congress.

Short-term risk: \$0 million

Long-term risk: \$296 million,

Probability: Medium

These analyses are not just academic. The Trump administration does not *need* to get drawn into litigation that can reverse their determinations. They can simply direct political appointees to *slow down* the award of new grants or the issue of student visas. To be clear, we believe the risk of the full spectrum of Title VI being invoked to withhold funding is low (and will be litigated if it is). But other measures—such as arbitrarily changing eligibility or “use of funds” requirements of NIH or NEH grants—can still do considerable harm. In the above examples, we applied a 25% estimate to some short-term “probable” versus the full spectrum of \$1.3 billion short-term “possible” action. \$250 million is more than the entire undergraduate financial aid budget.

These actions can come with no warning and no recourse. Columbia does not need to lose anywhere close to 55% (or 20% or even 4%) of its budget to face an existential crisis; for tightly managed university budgets with high proportions of restricted funds, a much smaller amount can cause chaos and financial exigency. We do not mean to sound alarmist, but anyone who has managed a large P&L knows there are immediate and real cash flow implications for such a revenue shock.

## The “what”: a toolkit of actions

So what's next? We acknowledge there is no appetite to rush to pre-emptively please an incoming Trump administration. There is also no guarantee that doing so will alleviate these institutional risks. But we shouldn't be painting targets on our backs. Playing chicken with an entity that provides or facilitates 55% of one's operating budget is a dicey proposition in the best of times. With the recent election outcome, that risk calculus has changed. But addressing it remains straightforward: all we need to do is to avoid being at the “epicenter of public outrage.”

So here are some simple things Columbia can do. If they look familiar, they should. We've called for many of these in our vision for a Columbia Renewed. This is our toolkit to neutralize as many vectors of institutional risk as possible.

In the short term (within 60-90 days):

1. **Our Trustees must step up.** In Professor Robert McCaughey's “Stand Columbia”, one of the headings in the chapter recounting the recovery from 1968 was “Trustees Mobilized: Learning New Tricks”. Then, as now, a power vacuum created an environment of uncertainty. The only party that can call the shots in a vacuum are the Trustees who are empowered by the 1810 Charter with “full power and authority” with respect to the affairs of the institution. All of the arms of Columbia's internal governance—President, University Senate, administration—are ultimately accountable to the Trustees and derive their positions as delegations of power from the Trustees; they are not co-equal “branches of government” as the Spectator mistakenly reported. That means the Trustees must make and own decisions if the President, University Senate, and administration cannot or will not, and hold senior leadership accountable for deliverables on an “exactly what, by exactly who, by exactly when” basis.

We get it: in normal times, good corporate governance casts the Trustees in a supporting and oversight role. But in crisis, they are the ultimate backstop as the institution's fiduciaries. Decisions are being progressively kicked upstairs, hot-potato-like, with each echelon fearful of taking accountability and deferring to a higher authority until it has landed on the Trustees' doorstep. There are no higher authorities. We need the Trustees' leadership now.

2. **Expediently enforce our rules** to those involved with the encampment and the violent occupation of Hamilton Hall. Columbia's historical track record of doing so is abysmal. This iteration of the University Judicial Board (and its Appeals Board) must break this expectation. And if it does not, other disciplinary bodies (which retain jurisdiction—as the transfer from CSSI to UJB did not surrender jurisdiction) must do so.

As a separate (and obvious) point, if there are indeed (as they claim) student groups “seeking instruction” from terrorists and pushing extremist rhetoric (as the Washington Post reported today), those investigations should be turned over to Federal law enforcement. That we even have to say “students supporting terrorism is unacceptable” is a sad reflection of our campus climate and the permissive attitudes that have enabled it.

3. **Issue a strong public statement on Title VI prohibitions against discrimination and discriminatory harassment.** The administration should make a strong public statement about Columbia's new Title VI policy, emphasize its willingness to enforce this policy, and explain that the power to do so does not belong to the University Judicial Board (which lacks credibility). As this covers internal policies, it would not violate the principles of institutional neutrality.

4. **Publish aggregated disciplinary statistics regularly—without the need for subpoenas.** Columbia briefly did this before taking those stats offline. This is important because “justice must not only be done, but must also be seen to be done.” It sends a clear message that Columbia is (or is not) enforcing its rules—and if so, both establishing public credibility and a credible deterrent.

In the medium term (within 6 months):

5. **Augment our Public Safety organization with formal police powers.** Columbia Public Safety is not equipped to deal with masking to conceal identity, noncompliance, and violence. A few months ago, Columbia contemplated hiring peace officers to augment Public Safety. Peace officers, under New York State Law, are private employees with police powers to make arrests and use physical force in making those arrests. As they serve under Columbia supervision (and may even wear Columbia uniforms), Columbia will have far greater discretion on use of force and perhaps they will not carry the negative connotations our community associates with the NYPD.
6. **Invest in educational excellence and set high expectations for incoming students.** Our students are coming into a highly politicized and polarized campus. Our peers (such as Harvard) are building in basic expectations-setting and practice of constructive dialogue into their orientation programs. As this is an pedagogical mission, it should be undertaken in partnership with faculty (and some faculty are laudably already taking the initiative to do so in the curriculum). We can go even further and include faculty and staff in these offerings. Universities must be places where ideas can clash—and clash constructively—without being construed as existential threats to physical safety.
7. **Build on our strong track record of recruiting and promoting a diverse faculty.** Our Presidents have repeatedly championed their desire for diverse viewpoints in our faculty. Yet, we see some faculties and departments trending more and more into “monocultures”. We are strongly in favor of protecting academic freedom of individual faculty; but we also suggest that departments and faculties would be stronger if they could provide more breadth of opportunities for their students. We could start with some “quick wins” with respect to adjunct and lecturer hiring in certain departments, which are managed year-to-year.

We know how to do this: we have spent over \$100 million since 2017 recruiting a more diverse faculty—with spectacular success. As we have stated, diversity—in all its forms—are bedrock strengths of Columbia. Even our Board of Trustees has been deliberate in pursuing, and has benefitted from, viewpoint diversity over the past decade. We can only encourage more of this.

In the long term (beyond 6 months):

8. **Set appropriate expectations for applicants in the admissions process.** Columbia has a working group on admissions policies. This working group should reinstate standardized testing requirements (we are now alone in the Ivy League for our “permanently test-optional” policy) and ask some tough questions about what kind of students we are admitting. Are we consciously admitting students putting protest over academics and those seeking “the total eradication of Western civilization” when they have loudly telegraphed their intentions? We have a robust application supplement, which we can refine to clarify what is important to us. As an example, Harvard has begun changing their essay questions, signaling different expectations to their applicants.
9. **Restructure our shared governance arrangements.** In the more than a year since October 7, 2023, we have seen our 55-year-old shared governance arrangements fail. They have failed due to unclear powers, organizational inertia, and a lack of feeling of “legitimacy”. They have permitted some bodies to wield an effective veto, creating structural gridlock. No organization can function like this. We have called for this before: if the premise behind the 1969 power-sharing arrangement is no longer valid, then its stakeholders must recommit to them, or play a constructive role in revising them.

As an overarching comment—communicate, communicate, and communicate. One cannot over-communicate in a crisis. Columbia has done a lot of good in the past year, but in one-off incremental bits that don't tie to a broader plan and an intentionality behind that plan. To (re)establish our public credibility, we need to communicate this as a holistic vision, execute

according to it (sharing regular updates that track directly to our intentions), and let sunlight be our disinfectant.

## The “how”: faculty consultation and legitimacy

As we have emphasized, it is not our place to tell Columbia's faculty, administration, and Trustees what to do. In particular, we are conscious that the senior faculty have a special place in the shared governance of the University. Nobel Laureate and legendary Columbia physics professor I. I. Rabi memorably told then-Columbia President Dwight Eisenhower that the faculty “are the university.” Solely top-down action without consultation runs the risk of being cast as “illegitimate” and runs the risk of backfiring, exacerbating further more harm downstream.

We've previously written about exactly what should happen:

*“Forming and empowering a small working group that formulates bold strategy with a powerful mandate to enact change can broadcast positive ripple effects. This group should be time-limited in scope, prioritize consultation over consensus, embed itself into Columbia's locus of authority, and operate with a bias towards action.”*

*Again, we have been here: it was precisely such a group—the Executive Committee of the Faculty led by then-Professor Michael Sovern—that, in partnership with the Trustees, in 1968–1969 pulled Columbia back from the brink and created many of the governance structures we have today.”*

There are shared governance bodies such as the President's faculty advisory groups as well as the University Senate. We think these are necessary but not sufficient, especially as the University Senate appears to have lost credibility after allegedly obstructing the expeditious enforcement of rules.

To rebuild legitimacy and advance the currently-frozen decision-making, we recommend two steps.

**First, the administration should take the above immediate short-term steps, including giving the UJB and its Appeals Board a deadline to adjudicate the Hamilton Hall and encampment cases.**

**Second, the President should appoint a “Task Force on Institutional Risk” to assess longer-term implications. This Task Force should:**

- Be ideologically balanced and more representative of the senior faculty across the University than current shared governance bodies.
- Consist of senior, tenured faculty (full professors) and administrators who can persuade their colleagues and other institutional stakeholders to agree to concrete proposals.
- Be robustly resourced and provided with information and support.
- Be specifically empowered by both the President and the Trustees, and paired with a Trustee committee (similar to the Temple Committee in 1968) for regular exchanges of views
- Have a time-limited mandate (no later than January 31, 2025) in which to present its recommendations on the actions the University should take to address these risks.

This Task Force should operate with the expectation that consultation does not equate to consensus; an intransigent minority should be heard, but cannot be permitted to place our University at critical risk. At the expiration of their mandate, they should present their recommendations to the Trustees. If no consensus position is possible, they should present their findings SCOTUS-style, i.e. a majority opinion with one or more concurring or dissenting opinions, so that the Trustees may weigh different sides of faculty input in their decision-making process.

This is the only way to advance currently-deadlocked decision-making processes, while respecting the role of the faculty, and do so in a way that rebuilds the legitimacy that our shared governance processes have lost.

## A final point: Columbia University matters to the United States and to the world

It would be a mistake to read an incoming Trump administration's potential actions as merely an "attack on wokeness". There is bipartisan anger at the state of our universities. Since World War II, American universities, including ours, have built their expansive and ambitious academic mission on the bedrock of Federal investment—initially to confront the USSR in an era of great power conflict, a theme which is again resonant today. And in the process, the Federal government has created, funded and stewarded the research and development apparatus that have fueled American innovation, growth, and success.

The success of this model has made American universities the envy of the world and a magnet for global talent that has been instrumental to the U.S. economy. They have been vital in advancing socio-economic mobility and lifting generations of first-generation students into better lives. They have developed future leaders of the country and the world. They remain one of America's greatest sources of soft power in an increasingly dangerous global environment. It is in America's interests (and the interests of both parties) that our universities cannot be allowed to fail.

Our "natural experiment" last week suggests an overwhelming supermajority of Columbia's faculties (perhaps 90% or more) believes in good governance. It is not a stretch that they would also believe that neither engaging with terrorists, promoting "monocultures", glorifying lynchings and violence, nor deadlocked administration are particularly good ideas. We would further believe that few (if any) community members would find the above "toolkit" objectionable, especially not the short-term moves.

The internal politics that our administration, Trustees, and senior faculty must navigate is simple: do they permit a loud, fringe, and unrepresentative minority to (illegitimately?) wield a veto or not? This is not an argument for political expediency, but rather because it is the right thing to do. The right decisions now can build institutional resilience, relieve some pressure, and forestall more drastic action down the road as an ancillary benefit. We don't need to do the impossible; all we need to do is the right thing. And we need to do it now.

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